

House Committee on Transportation and Infrastructure

February 24, 2015

Public Act 51 of 1951

Myron Frierson - MDOT Bureau of Finance and Administration

John LaMacchia – Michigan Municipal League

Ed Noyola – County Road Association

Meeting Agenda

- 1) Public Act 51 Requirements
- 2) Michigan Transportation Fund
- 3) PA 51 Distributions
- 4) State Trunkline Fund
- 5) Comprehensive Trans Fund
- 6) Cities and Villages Formula
- 7) County Formula
- 8) Reporting Requirements

Public Act 51 of 1951

Requirements

- Governs state appropriations for most MDOT Programs
- Creates the Michigan Transportation Fund, State Trunkline Fund, and Comprehensive Transportation Fund
- Dictates the allocation of transportation funds
- Determines how the funds can be used

Road and Bridge System

- 119,570 Route Miles
- 10,811 Bridges
- 103 Billion Vehicle Miles Traveled
- 617 Road Agencies
 - 533 Cities and Villages
 - 83 Counties
 - MDOT

Michigan “Legal” Systems

Act 51 divides Michigan roads into—

- State trunklines (I, M, US roads)
- County primary roads
- County local roads
- City and village major streets
- City and village local streets

Michigan Transportation Fund

- The MTF is the collector fund for fuel and registration taxes
- Act 51 allocates this revenue to other state transportation funds, special programs, and local units of government
- MTF can be used to support administrative costs and enforcement of the Motor Fuel Tax Act, Motor Carrier Act, and portions of the Michigan Vehicle Code in addition to transportation infrastructure and planning projects

“Upstream” Shrinkage of MTF Revenues

- 2% of gasoline sold goes to Recreation Improvement fund - \$16M
- 1½ % of gasoline tax is uncollected - \$13M
- Two per-truck taxes - \$9M
- \$8.00 per car registration surcharge - \$65M
- \$10.00 “late” fee - \$11M

Interdepartmental Transfers

- \$20,000,000 to Dept. of State
- \$2,700,000 to Dept. of Treasury
- \$1,312,800 Environmental Quality
- \$330,500 to Legislative Auditor General
- Other support functions
 - Local Agency Program Services

Act 51 Distribution Formula

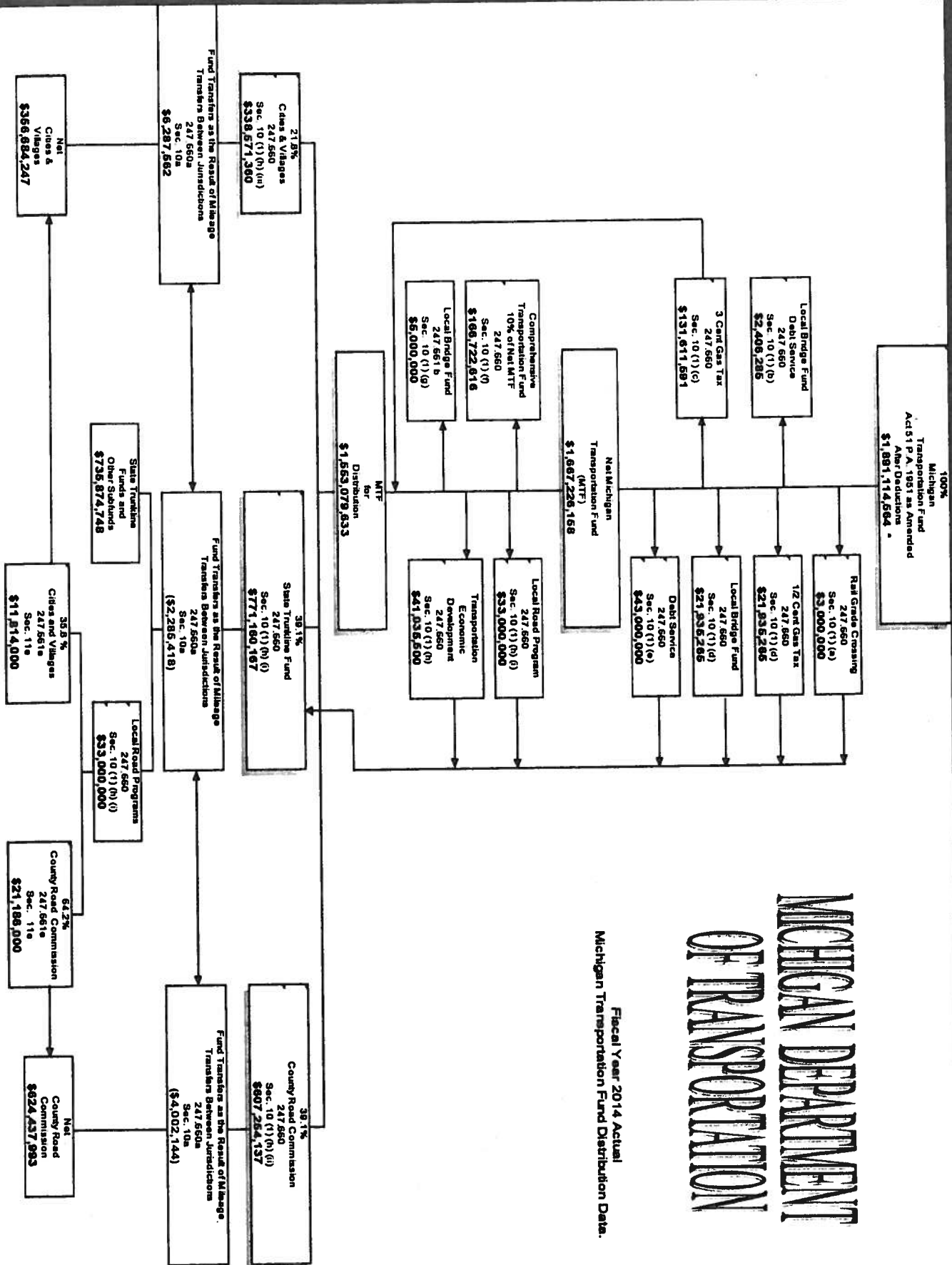
Divides the Michigan Transportation Fund

Four ways—

- County road commissions
- Cities and villages
- MDOT
- Comprehensive Transportation Fund

MICHIGAN DEPARTMENT OF TRANSPORTATION

Fiscal Year 2014 Actual
Michigan Transportation Fund Distribution Data.



All dollar amounts based on actual cash basis distribution, including Local Road Program for the fiscal year of October 1, 2013 through September 30, 2014.

State Trunkline Fund

- Act 51 requires at least 90% of revenues shall be used for preservation of highways, roads, streets, bridges, and debt service
- No more than 10% may be expended for administrative expenses
- Requires Competitive bidding
- Requires local cost sharing for large cities on trunkline projects within their jurisdiction

Comprehensive Transportation Fund

- The vast majority of the funding is allocated to the state's 80 public transit agencies, but also supports various rail programs and debt service
- The CTF allocation priorities are:
 - Debt Service
 - Cost of Administration
 - Local Bus Operating Assistance
 - Population greater than 100,000 receive up to 50% of operating expenses
 - Population less than 100,000 receive up to 60% of operating expenses
 - Other Programs

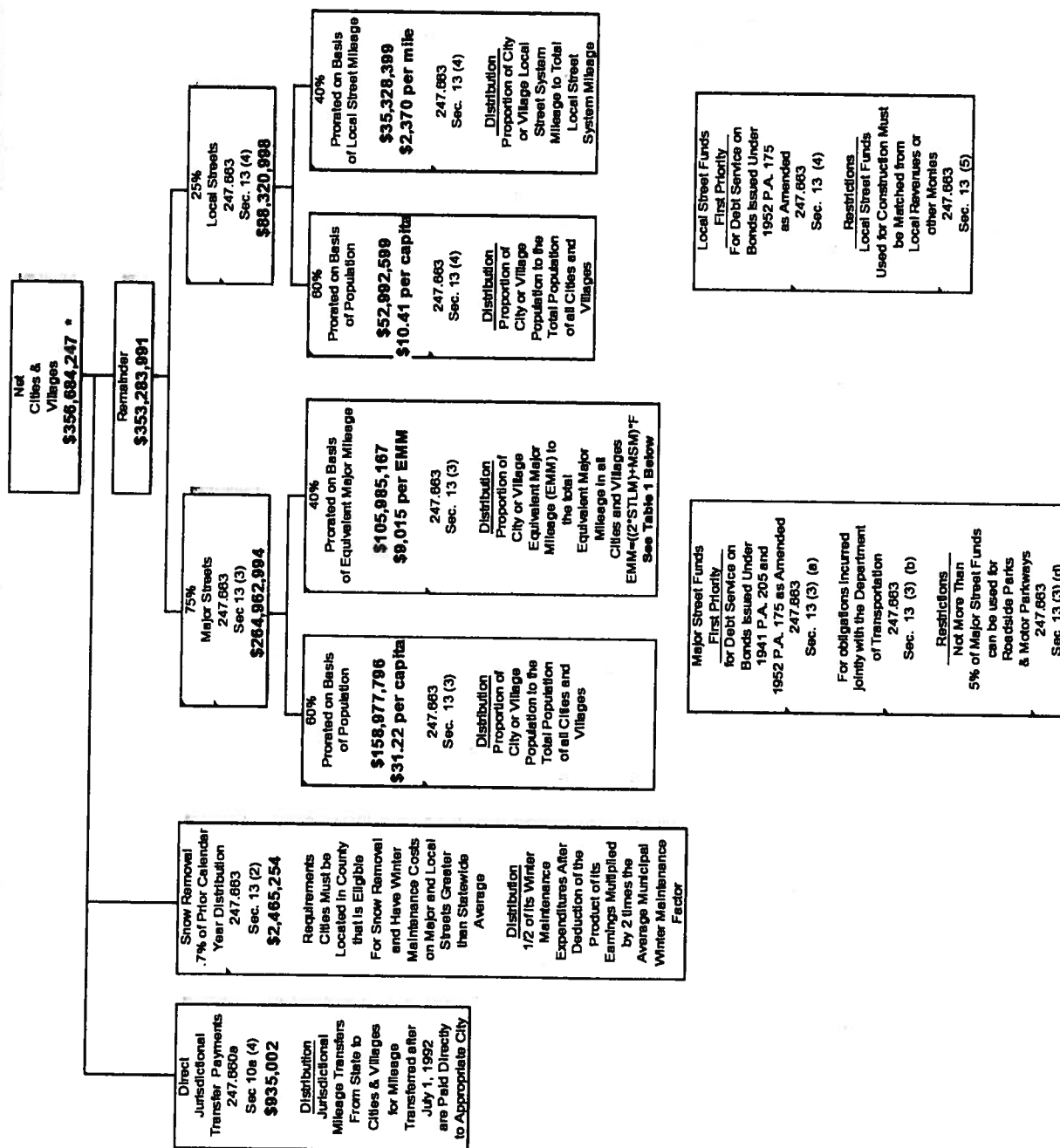
Transportation Bonding Under PA 51

- Constitution allows pledging MTF revenue for bonds – not general obligation of the state
- State Transportation Commission authorizes each bond issue with notice to legislature
- Bonding can only be used for capital projects on the bond project list

Transportation Bonding Under PA 51

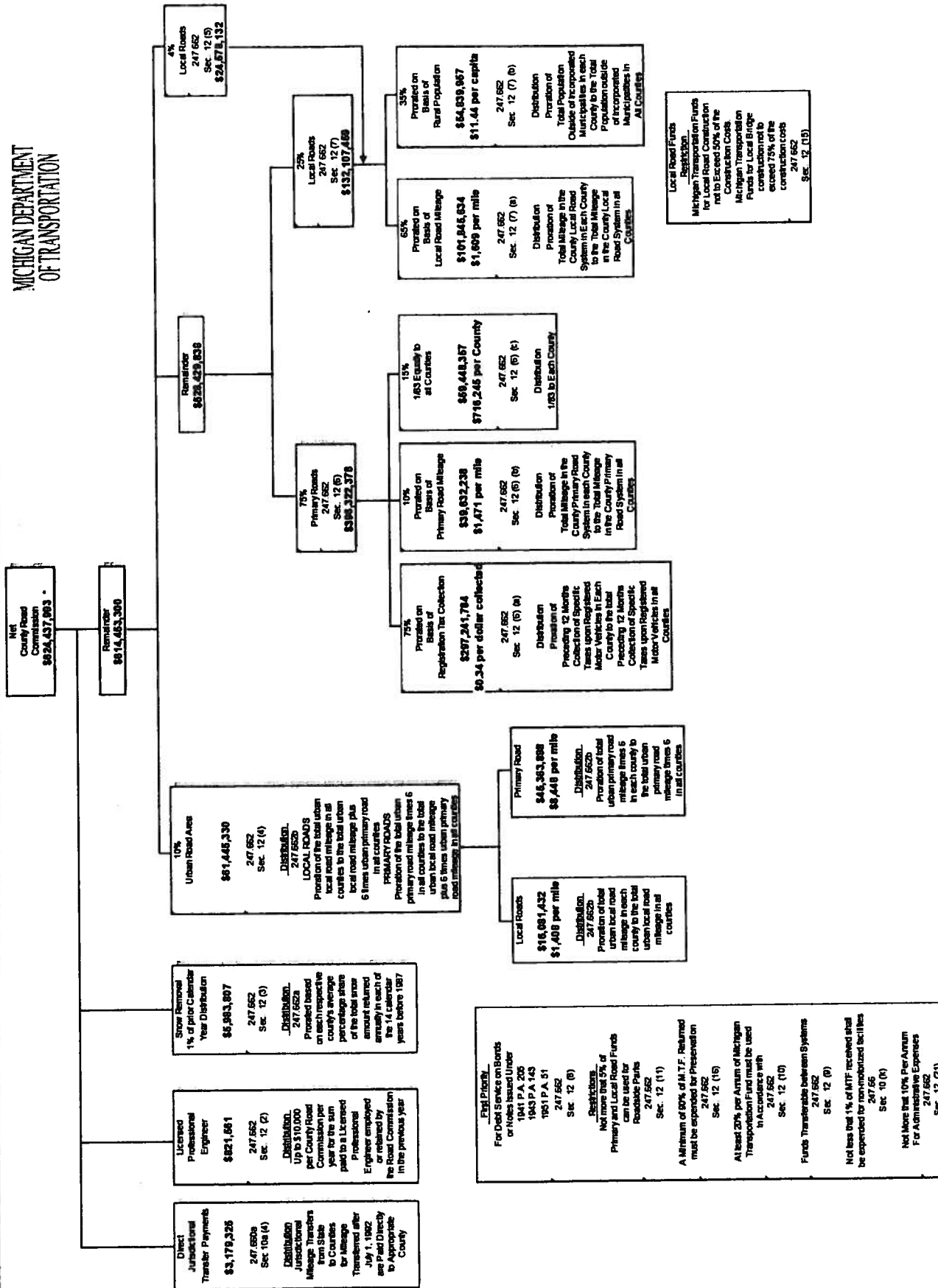
- Debt service is limited to 50% of the restricted transportation revenue
- Commission Policy limits debt service to 25% of the restricted transportation revenue
- Outstanding Debt is \$1.9B
- FY 16 Debt Service is \$239M

MICHIGAN DEPARTMENT OF TRANSPORTATION



* All dollar amounts based on actual cash basis distribution, including Local Road Program for the fiscal year of October 1, 2013 through September 30, 2014.

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Act 51 Reporting

- Annual Report on the Michigan Transportation Fund – 139 Report
 - PA 51 (MCL 247.667) requires the Department of Transportation to provide a year end report to the Governor/Legislature. The report includes:
 - Revenues credited to the MTF
 - Distributions to Counties, and Cities & Villages from the MTF
 - Including Snow Payments

Act 51 Reporting

- **New Section 18J Requirements**
 - Requires Certification of compensation/retirement/health plans
 - Applies to local road agencies (Counties and Cities & Villages receiving MTF)
 - Withholding provisions for non-compliance
 - County Road Commissions and MDOT to provide searchable website
 - Website to include current budget, number of active employees, financial performance dashboard, governing body contact information, and a copy of the certification
 - Information provided to foster transparency

Act 51 Reporting (Continued)

- Act 51 Distribution and Reporting System (ADARS) – 3 Modules
 - MTF Distribution module
 - City/Village Financial Report Module
 - County Financial Report Module
 - PA 51/ADARS Hyper Link - http://www.michigan.gov/mdot/0,4616,7-151-9620_67094---,00.html

QUESTIONS?